Cabral Resources Limited
ABN 72 064 874 620

Suite 2, Level 5, 20 Bond Street
Sydney NSW 2000
Australia

T: + 61 2 9232 0211
F: + 61 2 9232 0233

www.cabralresources.com.au

27 May 2013

SINCORÁ AREA – NEW HIGH GRADE HEMATITE FINDINGS AND FOOTPRINT EXPANSION

HIGHLIGHTS

- **Additional high grade hematite findings within both Queixada and Coral Zones are encouraging Cabral's exploration team at Sincorá Area**
- **4 new tenements covering an aggregate 77.2 km^2 of highly prospective ground have been pegged at Sincorá Area to further enforce Cabral's footprint in the region**
- **Cabral's exploration team continues its efforts to systematically evaluate the vast Sincorá Area which now aggregates to 1,195 km^2**
- **New high grade DSO hematite iron mineralisation with very low contaminants content occurrences are expanding and infilling the known mineralisation within the Queixada Zone**
- **Additional iron mineralization occurrences, some with medium to lower Fe grades, are adding significant potential and geological understanding to the Coral Zone**
- **The field works for the environmental survey have been finalised and the related reports for the environmental licenses petition are well underway**
- **Cabral's exploration team is developing the scopes for contracting the programmed topographic survey, geophysics and drilling works in order to support its exploration plans**

Cabral Resources Limited (ASX Code: "**CBS**") ("**Cabral**") is pleased to advise that it has identified and registered new high grade hematite occurrences at its prospective Sincorá Area at both Queixada and Coral Zones.

Commenting on the latest assay results Cabral Managing Director & CEO Michael Bogue stated:

"The Sincorá Area continues to demonstrate its high prospectivity. Additional geological reconnaissance works by Cabral's exploration team has again been rewarded with good news concerning iron grades, quality and surface distribution of the hematite sample results at Queixada. Cabral's exploration team is continually finding new iron rich occurrences elsewhere in Sincorá Area within both the Queixada and Coral Zones."

"Cabral has lodged four new tenement applications enhancing its exploration rights to over 1,195 km^2 owned 100% by Cabral in this exciting exploration region."

QUEIXADA ZONE

Photo: Floats of new high grade DSO hematite mineralisation found at Queixada Zone.

At the named **Queixada Zone**, located in the central part of the Sincorá Area, the new iron mineralization findings keep confirming the broad distribution of the high grade DSO hematite and the potential to extend both to the north and to the south of the already known area. The new findings are corroborating Cabral's earlier thoughts that the high quality hematite iron occurrences are sparsely distributed on a given range of altitude confirming the subhorizontal regional attitude of the rock bedding layers. This hypothesis continues to guide the ongoing geological sampling and mapping field works in the area.

The latest assay surface samples from Queixada mineralized occurrences continue positively confirming the high grade and low contaminant nature of the hematite mineralization:

NEW SURFACE SAMPLE ASSAYS FOR QUEIXADA ZONE

Sample ID	Rock type	Zone	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
C000863	Hematite	Queixada	**66.6**	0.9	0.8	0.07	1.5
C000864	Hematite	Queixada	**68.1**	0.5	0.6	0.01	0.5
C000865	Hematite	Queixada	**67.6**	0.6	0.6	0.02	0.6
C000866	Hematite	Queixada	**67.4**	0.7	0.8	0.03	1.2
C000867	Hematite	Queixada	**64.6**	2.2	1.6	0.05	1.6
C000868	Hematite	Queixada	**67.8**	0.6	0.6	0.01	0.3
C000869	Hematite	Queixada	**68.9**	0.4	0.4	0.02	0.4
C000870	Canga	Queixada	**51.0**	5.1	5.7	0.66	11.5
C000872	Quartzite	Queixada	**9.0**	78.2	5.7	0.03	1.6
C000889	Hematite	Queixada	**69.2**	0.6	0.2	0.02	0.6
C000890	Hematite	Queixada	**68.3**	0.7	0.6	0.04	1.0
C000893	Ferruginous Quartzite	Queixada	**39.8**	18.5	13.5	0.11	7.6
C000894	Hematite	Queixada	**63.1**	1.8	1.1	0.06	8.1
C000904	Hematite	Queixada	**67.4**	1.7	0.1	<0.005	0.3
C000905	Hematite	Queixada	**68.1**	2.2	1.0	0.02	0.8
C000906	Hematite	Queixada	**68.4**	0.7	0.3	0.01	0.2

Note: Assays undertaken by SGS GEOSOL Laboratórios Ltda. in Minas Gerais Brazil.

CORAL ZONE

Photo: Sampling works on high grade DSO hematite subcrops at Coral Zone.

At the named **Coral Zone**, in the north of the Sincorá Area along the neighborhood of the geological contact between Tombador and Bebedouro Formations, Cabral's exploration team continues finding iron rich rocks of high potential to form iron ore deposits. Several sparse occurrences of different rock types such as ferruginous quartzites and metamorphic siltstones, ferruginous metamorphosed diamictites, areas with ferruginous chemical canga and/or iron rich laterite coverage are being registered. These different geological iron rich rock varieties will require extensive follow up field work and studies to better understand the geological complexity of the area and the potential to prove up economic iron ore deposits.

NEW SURFACE SAMPLE ASSAYS FOR CORAL ZONE

Sample ID	Rock type	Zone	Fe/Mn (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
C000861	Chemical Canga	Coral	**33.1**	28.7	13.4	0.05	7.4
C000862	Manganese	Coral	**37.4**	11.9	10.7	0.12	13.0
C000873	Ferruginous Quartzite	Coral	**27.6**	34.0	15.9	0.15	6.3
C000875	Ferruginous Breccia	Coral	**41.1**	33.8	2.7	0.12	3.3
C000876	Quartzite	Coral	**2.8**	84.4	7.4	0.03	1.1
C000879	Hematite	Coral	**66.8**	1.9	1.5	0.02	1.4
C000882	Ferruginous Quartzite	Coral	**21.4**	62.5	2.6	0.05	2.4
C000883	Ferruginous Quartzite	Coral	**16.5**	69.1	4.9	0.04	1.7
C000884	Laterite	Coral	**38.6**	33.6	5.6	0.08	3.8
C000885	Ferruginous Quartzite	Coral	**23.7**	54.9	7.6	0.07	2.8
C000886	Amphibolite	Coral	**17.1**	32.2	22.7	1.18	4.6
C000887	Ferruginous Quartzite	Coral	**22.7**	59.4	5.4	0.07	2.6
C000888	Ferruginous Quartzite	Coral	**16.2**	69.9	5.6	0.03	1.7
C000891	Chemical Canga	Coral	**38.5**	23.7	12.2	0.05	7.1
C000892	Ferruginous Quartzite	Coral	**3.1**	88.1	5.5	0.01	0.9
C000895	Ferruginous Quartzite	Coral	**25.1**	59.9	2.1	0.11	3.1
C000896	Ferruginous Quartzite	Coral	**25.7**	53.8	4.9	0.07	3.6
C000897	Chemical Canga	Coral	**27.8**	28.9	19.5	0.04	9.9
C000898	Ferruginous Diamictite	Coral	**7.2**	64.3	14.3	0.05	3.9
C000899	Ferruginous Diamictite	Coral	**4.5**	70.9	13.0	0.04	3.3
C000900	Chemical Canga	Coral	**47.7**	17.5	4.2	0.10	8.1
C000901	Ferruginous Quartizite	Coral	**21.8**	61.9	2.7	0.05	2.5
C000902	Ferruginous Quartzite	Coral	**21.4**	63.7	1.6	0.08	3.0
C000903	Chemical Canga	Coral	**40.8**	35.0	1.3	0.08	5.2

Note: Assays undertaken by SGS GEOSOL Laboratórios Ltda. in Minas Gerais Brazil.

Cabral's Brazilian-based Head of Exploration Paulo Ribeiro commented:

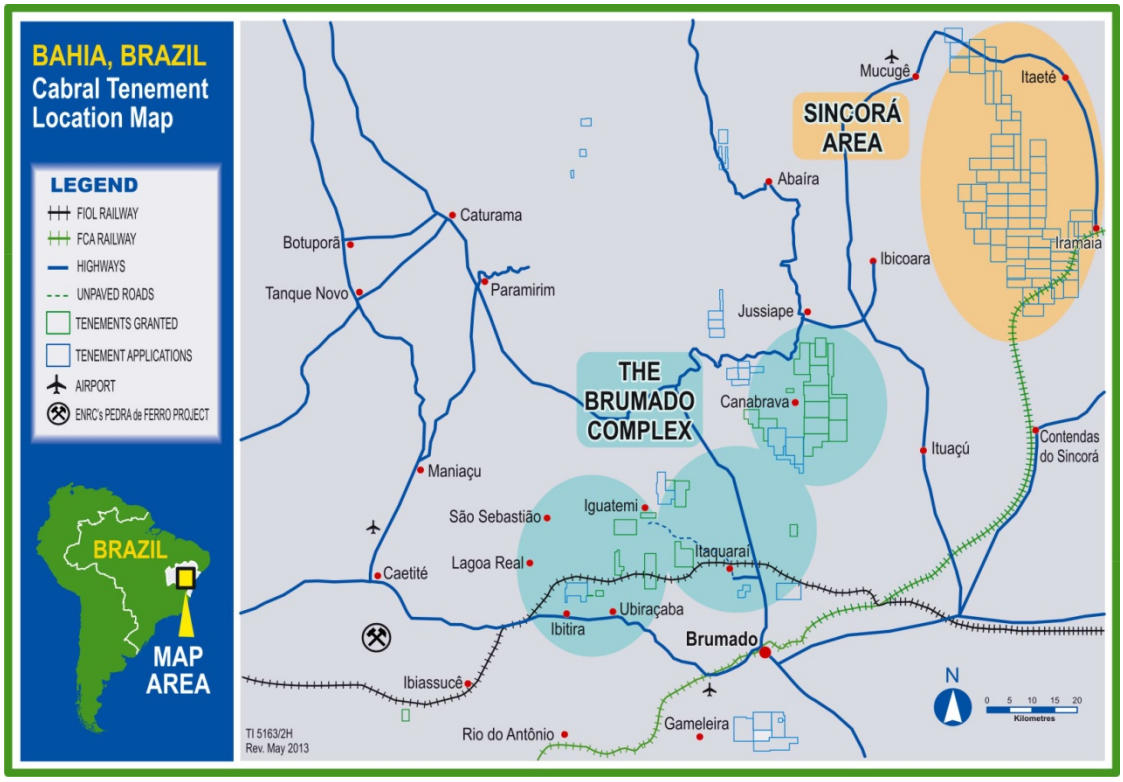
"The Cabral exploration team is becoming more encouraged to be working on the whole Sincorá Area ground holding. As geological assessment works continue to be carried out, the team is continuously encountering additional interesting iron occurrences."

"Cabral's environmental contractor has finalised the field environmental survey at Queixada. These studies are necessary to obtain the environmental licences for the exploration programme planned for this zone."

"Different potential iron ore types are being found during the field works, particularly within the Coral Zone. The new exploration assay results continue to confirm the geological aptitude of the whole Sincorá Area."

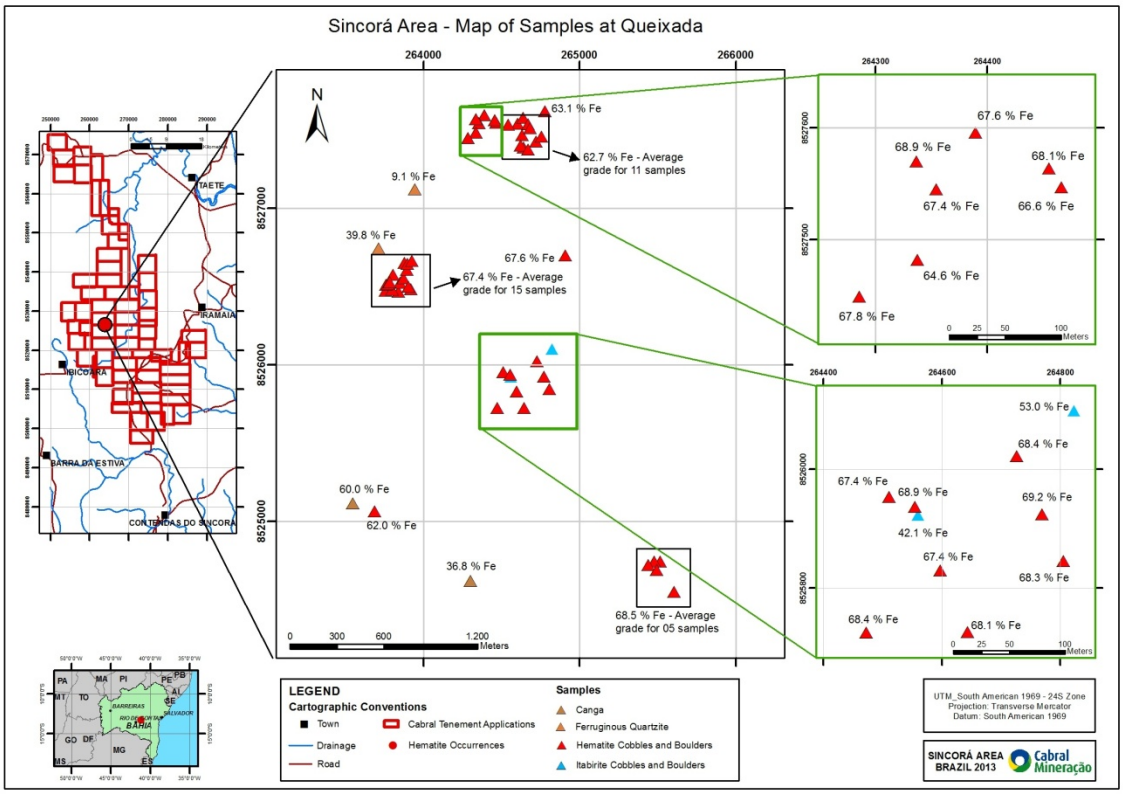
SINCORÁ AREA DESCRIPTION

Prospect location with Cabral Tenement Portfolio



At **Queixada**, the high grade hematite signature continues to be confirmed. A new high grade DSO hematite occurrence area was identified and sampled to the north extending the northern hematite area of Queixada to the west and to the north.

Additional high grade DSO hematite occurrences were also identified in the central part of the known area extending the density of the mineralized area at the most central part of Queixada. This is shown in the map below:

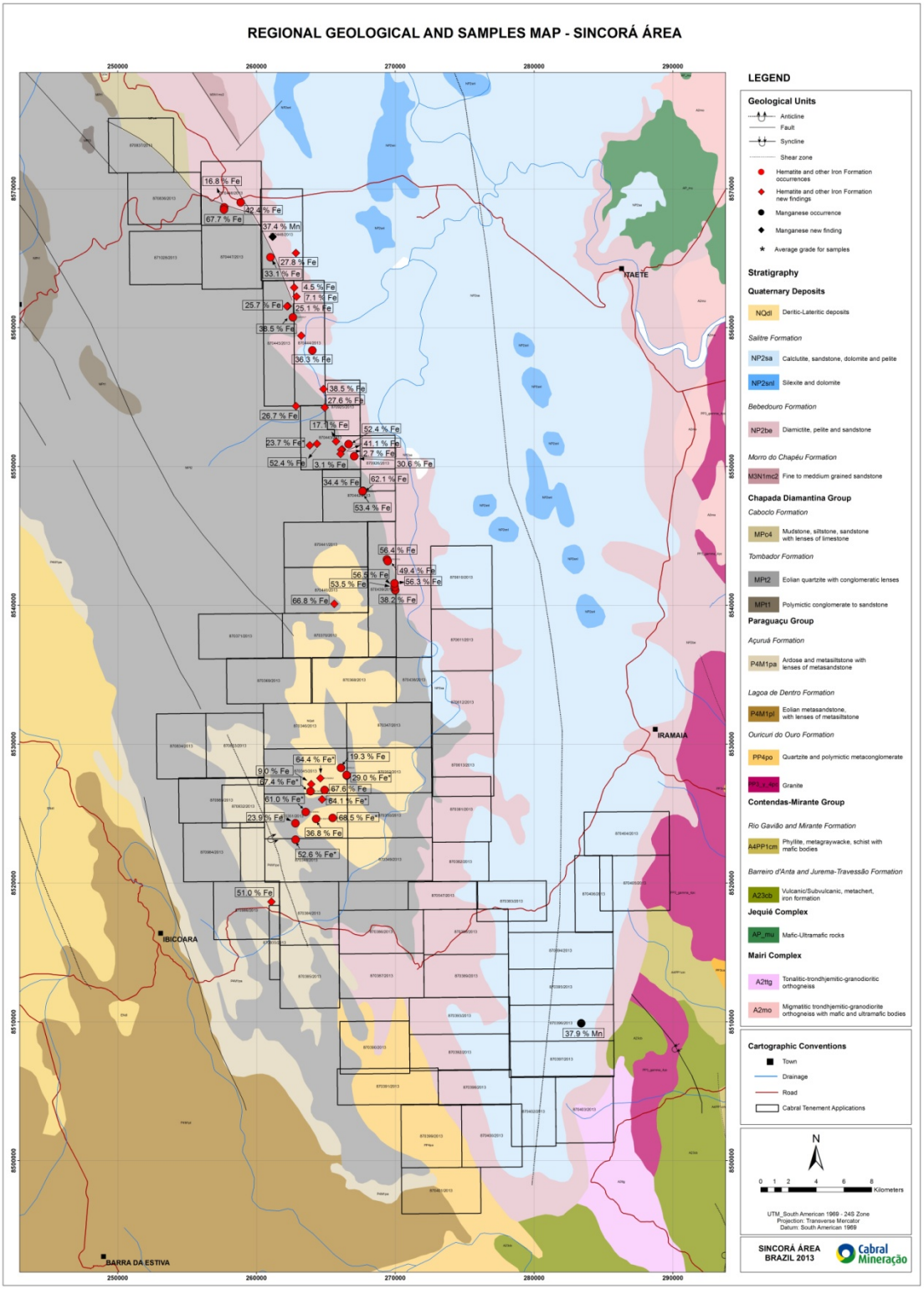


Environmental field works have been fully completed by an external consultant in respect of the Queixada Zone. These works will now form the basis of the necessary reports and applications, currently being prepared for lodgement with the appropriate environmental authorities, in relation to Cabral's future exploration plans within the Queixada Zone.

In the **Coral Zone,** new finds of several iron rich rock types have been found along the neighbourhood of the NNW-SSE extensive geological contact between the rocks of Tombador Formation and the younger Bebedouro Formation. These newer discoveries confirm the potential for delineating different styles of iron ore deposits on the ground. It will require extensive follow up exploration work.

Another surface sample of a manganese rich rock (37.4% Mn) was taken within Sincorá Area. This new occurrence is located at north of Coral Zone and also requires follow up exploration work.

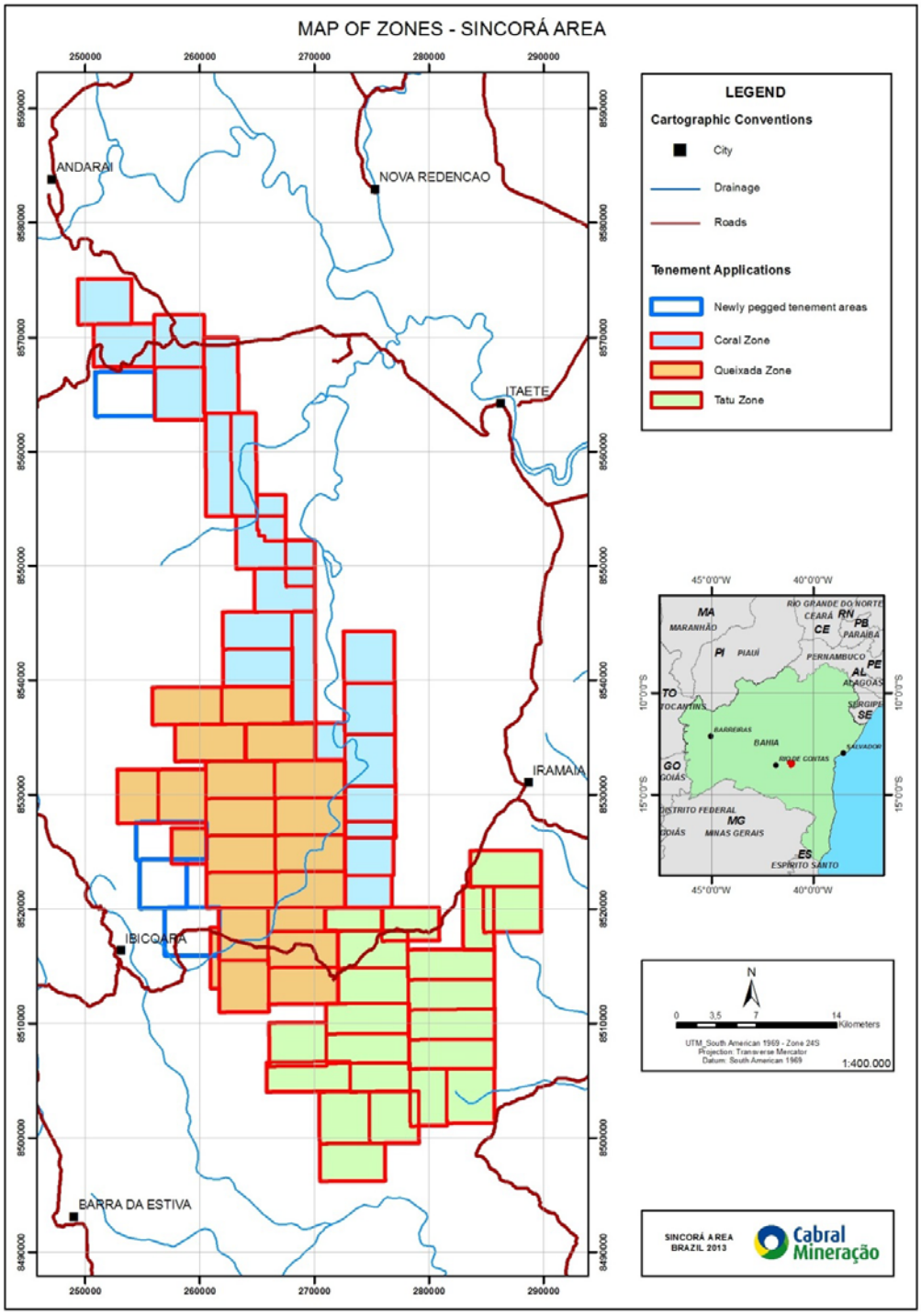
A gallery of photos from the Sincorá Area is available for viewing under "**Projects**" on the Company's website at **www.cabralresources.com.au** which will be updated periodically.



Further geological work is being carried in order to identify other potential iron rich bodies and to follow up the already identified hematite, itabirite and ferruginous quartzite and other iron occurrences within each zone.

FOUR NEW TENEMENT AREAS SECURED

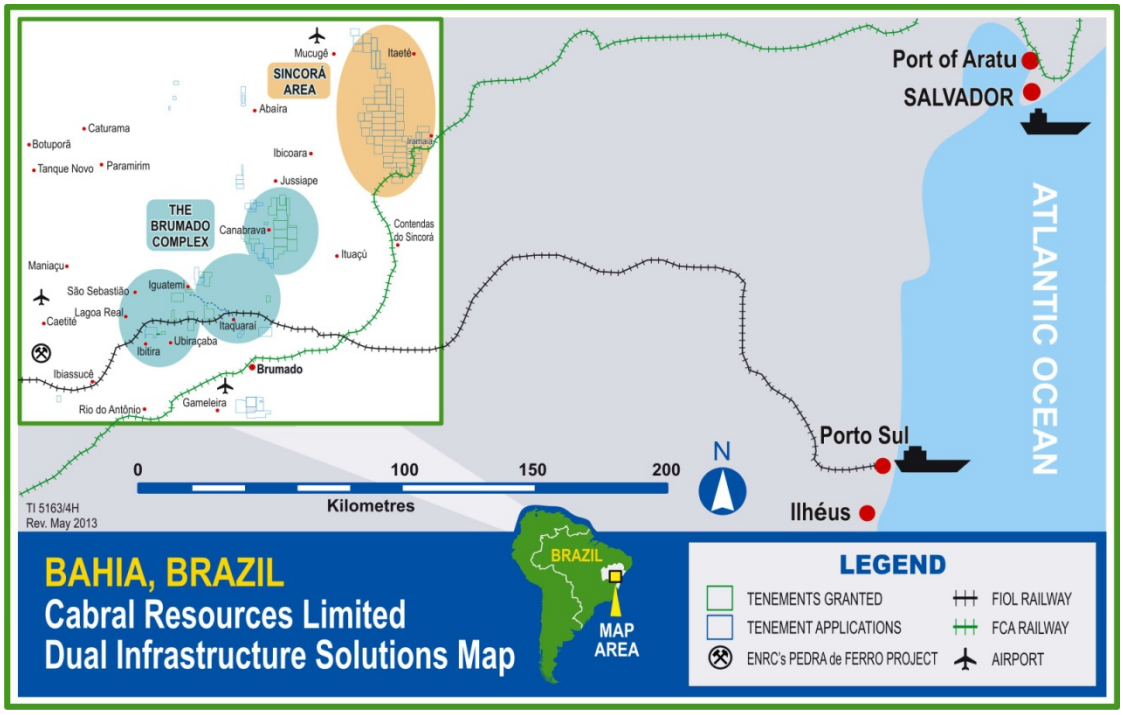
Four new tenement applications covering 77.2 km^2 have been pegged at Sincorá Area over previous vacant ground in order to expand Cabral's regional footprint. Three of those new tenement applications are related to potentially mineralized extensions to the west of Queixada Zone. The other is located at the northern end of the Coral Zone. This expands Cabral's foothold at Sincorá Area to an aggregate 1,195 km^2.



Map of the Sincorá Area Zones highlighting the four new tenement application locations.

These new tenements were mainly pegged following Cabral's exploration team identifying new significant high grade hematite mineralisation or other iron occurrences near the tenement boundaries. Some of the tenements were also pegged to secure and consolidate specific contact areas with good prospectivity along the Tombador Formation.

DUAL RAIL AND PORT INFRASTRUCTURE SOLUTIONS



Cabral has dual rail and port infrastructure solutions for any future production from the Sincorá Area. These are:

1. **FIOL Rail Line and Porto Sul** where Cabral signed a Protocol of Intentions ("POI") signed with Bahia State and State Treasury back in March 2012. This POI proposes access and capacity allocations for up to 15.0 million tonnes of annual iron ore production capacity on publicly-funded FIOL Rail Line and the proposed Porto Sul port development; and/or

2. **Existing, Operating FCA Rail Line and Port of Aratu** which has potential alternative export infrastructure avenues Cabral can pursue for lesser quantities of iron ore production to generate early cash flows. The existing, operating FCA Rail Line passes within Cabral's Sincorá Area tenements and tracks 360 kms to the existing, operating Port of Aratu, Bahia State (near Salvador).

More detailed information on Cabral's dual infrastructure solutions can be found by clicking the link on the homepage of its website **www.cabralresources.com.au**

For further information please contact:

Michael J. Bogue
Managing Director & CEO
Cabral Resources Limited
Phone Office: +612-9232-0211
Mobile: +61(0)4-1600-5551
Email: michael@cabralresources.com.au

Competent Person's Statement

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Paulo Alexandre Ribeiro who is a member of the Australasian Institute of Mining and Metallurgy. Mr Paulo Alexandre Ribeiro is a permanent full-time employee of Cabral Resources Limited as Head of Exploration and he has sufficient experience, which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Paulo Alexandre Ribeiro consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears.

Exploration Targets

It is common practice for a company to comment on and discuss its exploration in terms of estimated target size and type. The information in this announcement relating to exploration targets should not be misunderstood or misconstrued as estimates of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context in this announcement. The potential quantity and grade of any exploration targets are conceptual in nature since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration works will result in the determination of a Mineral Resource or Ore Reserve in compliance with the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Forward-Looking Statements

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the iron ore mining industry, expectations regarding iron ore prices, production, cash costs and other operating results, growth prospects, the outlook of Cabral's exploration activities, the potential for future operations including any commencement of commercial operations at Sincorá Area and its liquidity and capital resources and expenditure, contain or comprise certain forward-looking statements regarding Cabral's exploration operations, economic performance and financial condition. Although Cabral believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of exploration, business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in iron ore prices and exchange rates and business and operational risk management. Cabral undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

About Cabral

Cabral Resources controls an extensive strategic landholding in the emerging iron ore region of Bahia State in Brazil. The 1,782 km^2 landholding amassed contains ground prospective for high grade direct shipping hematite ores, itabirite ores and coarse grained magnetite ores. In March 2012 Cabral signed a Protocol of Intentions with the State of Bahia and State Treasury for up to 15 million tonnes of annual iron ore production on the government-funded FIOL Rail Line and Porto Sul port development. The existing, operating FCA rail line to the Port of Aratu runs within Cabral's highly prospective Sincorá Area. Cabral has a strong local exploration team in Brumado, Bahia, Brazil and driven senior management focused on moving its projects towards production in 2015/16.